

U. S. DEPARTMENT OF LABOR
BUREAU OF EMPLOYEES' COMPENSATION
WASHINGTON 25, D. C.

ADDRESS ONLY:
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WASHINGTON 25, D. C.

January 12, 1956

IN REPLY REFER TO FILE NO.

CONFIDENTIAL

Mr. Lawrence S. Houston
General Counsel
Central Intelligence Agency
2430 E Street, N. W.
Washington, D. C.

Dear Mr. Houston:

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This refers to verbal inquiry from Mr. of your staff who has posed two questions which he requested the Bureau to answer. The questions and our answers are as follows:

- Q. If, on account of the death or injury of one of its employees, in line of duty and not the result of his own misconduct, the employing federal agency were to make a payment to the employee, or his designated beneficiary, in the nature of a death or injury benefit, would such payment diminish any benefits which would accrue to the employee, or to his designated beneficiary, under BEC on account of the same death or injury? If so, to what extent?
- A. If there is statutory authority for the payment of such a benefit by the employing establishment, it is the opinion of the Bureau that the provision of Section 7 of the Federal Employees' Compensation Act would apply. Under this provision of the law, the employee would be required to elect which benefit he would receive.

In the absence of statutory provisions relating to such payments by the federal agency, it is the opinion of the Bureau that any benefits which might accrue to the employee or his beneficiary under the Federal Employees' Compensation Act would be diminished by the full amount paid by such federal agency.

- Q. If, on behalf of one of its employees, a federal agency were to pay the premiums on an insurance policy held by him with a non-federal insurance company, and if such employee were to be injured or killed in line of duty and not as a result of his own misconduct, would BEC benefits accruing to him, or his designated beneficiary, be diminished by reason of the agency payment of such premiums? If so, to what extent?
- A. It is the position of the Bureau that the receipt of the proceeds of a life insurance policy, the premiums on which were paid by a federal agency for the purpose of augmenting the protection extended to its employees under the Federal Employees' Compensation Act, does not affect the right of the beneficiary to receive any benefits provided by the Compensation Act.

Very truly yours,


Clyde R. Middleton
Deputy Director